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NEWS

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STATEMENT OF THE
HONORABLE HERBERT H. BATEMAN
CHAIRMAN, SUBCOMMITTEE ON MILITARY READINESS
HEARING ON
"IMPROVING READINESS CAPABILITIES"

March 13, 1998

Good morning. Today the subcommittee on Military Readiness is meeting to obtain a better understanding of Department of Defense programs supporting the infrastructure reductions contained in the fiscal year 1999 budget request that is before the committee. The subcommittee is particularly interested in how the Military Departments will fund Readiness requirements if such initiatives falter in execution.

The subcommittee recognizes that DoD's excess infrastructure and related management problems did not happen overnight, and they can not be solved overnight. As a result, the subcommittee has generally supported Defense initiatives aimed at reducing the size of infrastructure costs in order to fund readiness and modernization. In fact, this subcommittee has traditionally urged DOD to support quality of life, readiness, and modernization programs as its top priorities.

Despite these efforts, the subcommittee is alarmed that DOD's current reduction initiatives may be based on nothing more than rhetoric. Rhetoric that the military departments appear to be hiding behind as the Nation's military tooth is sacrificed to protect the defense infrastructure tail.

There are several reasons for concern. To begin with, a review of the fiscal year 1999 budget documents we have to date do not make a compelling argument that there are executable programs behind the proposed business efficiency and other infrastructure savings in the budget request. In addition, several of the savings proposals highlighted in the Defense Reform Initiatives have already fallen behind in execution. This leads to another concern, echoed in the Quadrennial Defense Review, that one of the primary sources of instability in defense plans is that a migration of funds occur when the savings planned to accrue from initiatives, like competitive outsourcing or business process reengineering, fail to achieve their expectations. This leaves the subcommittee questioning “What will happen if you do not achieve your projected savings?” In particular, in fiscal year 1999, will the Army be able to support the budget request of 800 tank miles for training if their \$450 million in efficiency savings do not appear?

A further concern is that the Quadrennial Defense Review recommends an additional reduction of 150,000 positions from active, reserve, and civilian employees, mainly because the initial infrastructure reductions proposed in the QDR did not support readiness and modernization goals. Sixty-six percent of this additional reduction will come from the active and reserve forces. Although restructuring of the forces will cover some of this reduction, most are assumed to come from new outsourcing initiatives, particularly in the Army and the Air Force. However, if history repeats itself, roughly 50 percent of these new competitions will be won by federal workers, therefore the military departments would have to compete 300,000 positions to reach their goals. The subcommittee has not seen evidence to support this option.

Recently we have seen another option to reduce federal employment levels, which is federal employees are not allowed to participate in the competitions. The restructuring of the Air Force’s 38th Engineering and Installation Wing is a prime example of such a failure to allow real competition. To our knowledge the Air Force structured this “competition” based on current personnel costs and did not allow the approximately 1,700 federal workers to develop a most efficient structure to compete as the A-76 process would require.

Current law and OMB Circular A-76 both provide for fair and open competitions. Leaving the civilian workers out of the competition is contrary to the expressed policy of Congress, and in violation of the statutory requirement that Congress be given notice of personnel reductions of more than 20 positions. Regardless of whether such activities are called outsourcing, privatization, divestiture, or restructuring, Title 10 clearly states that Congress must be notified of a decision to study any current defense activities for possible performance by a private contractor. Just to clarify, this requirement is NOT limited to studies using A-76 guidance.

In the end, there must be a level of good faith between Congress and the military services. It is unacceptable for the military services to continue pursuing hollow, unexecutable, readiness-threatening infrastructure reductions. It is even more egregious to expect Congress to support these reductions and the impact they have on National Security, not to mention the American communities, workers, and industry.